

“An Act Providing Retiree Healthcare Benefits Reform”

Legislation filed by Governor Deval Patrick – February 12, 2013

A Special Commission to Study Retiree Healthcare and Other Non-Pension Benefits was established by Chapter 176 of the Acts of 2011 to address the cost and unfunded liability of state and municipal retiree health care benefits. The Commission’s final report was issued on January 11, 2013. On February 12, 2013, Governor Patrick filed Legislation to change eligibility for retiree health benefits based on the Commission’s recommendations. Current retirees will not be affected by the proposed changes. The following is an overview of what has been filed and how it will affect City of Boston employees and future retirees:

1. Increasing the minimum years of service requirement from 10 to 20 years
2. Increasing minimum age of eligibility for health insurance to age 60 (Group 1), age 55 (Group 2), age 50 (Groups 3 & 4)
3. Prorating benefits on a scale from 50% premium contribution after 20 years of creditable service to the maximum current retiree benefit at 30 years of creditable service.
4. Exempting current retirees and certain employees who are nearing retirement age.
5. Exempting future ordinary disability retirees until the 2014 Affordable Care Act exchange is available. At that time, ordinary disability retirees shall receive a 50% premium contribution for 10 – 20 years of service. Beyond 20 years prorating will apply.
6. Provide surviving spouses with a minimum of 50% employer contribution
 - a. The City already allows surviving spouses to continue coverage at the same premium contribution as the employee/retiree and that cannot change.

The definition of a “qualified retiree” is as follows:

- 60 years old (Group 1), 55 years old (Group 2) 50 years old (Groups 3 & 4)
- 20 years of creditable service
- Must be employed by the public employer at the time of retirement or have at least 25 years of creditable service and retire within 5 years of leaving employment or have at least 20 years of creditable service if they are enrolled in Medicare Parts A & B.

*An employee who retires after July 1, 2013 and is not a qualified retiree shall be eligible to receive 50% of the total monthly premium if, by July 1, 2013 the employee is at least 50 years old and has 15 years of creditable service or is at least 55 years old and has completed 10 years of creditable service.

Grandfathering:

The above definition of “qualified retiree” does not apply to those who are:

- Individuals who retired before July 1, 2013.
- Employees or former employees who on July 1, 2013 are within 5 years of eligibility for superannuation retirement and have at least 20 years of creditable service.
- Employees or former employees who on July 1, 2013 are within 5 years of eligibility for Medicare and have received 9 years of creditable service.
- Individuals who are members of the Teacher’s Retirement System, or the State-Boston Retirement Systems who participate in the alternative superannuation retirement benefit program and are at least 57 years old and eligible for a retirement benefit of 80%.

Premium contributions:

The minimum premium contribution paid by the City will be 50% for those who have at least 20 years of creditable service up to the maximum allowed benefit for those with at least 30 years of creditable service.

Years of Creditable Service	HPHC HMO BMC Advantage	HPHC POS	BCBS – Blue Choice & Blue Care Elect	Medicare Supplement Plans*	BCBS A & B Carve out Med. Supp.
20	50%	50%	50%	50%	50%
23	61%	59%	57.5%	64%	58.25%
27	71.5%	68%	65%	77%	66.5%
30	82.5%	77.5%	72.5%	90%	75%

* Medicare Supplement plans – HMO Blue Medicare, Tufts HMO, Managed Blue for Seniors, Harvard Medicare Enhance and Tufts Medicare Supplement/PDP

The maximum allowed benefit for qualified retirees with 30 years of creditable service is the same premium contribution the City currently makes to all health plans.